EFFECT OF BANK LOAN FINANCING POLICIES ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN TURKANA COUNTY, KENYA

Julius Ewoi Lokopu[1i],
Irene Cherono[2],
Robert Simiyu[2]
[1]MBA Student,
Catholic University of Eastern Africa,
GABA Campus,
Eldoret, Kenya
[2]Lecturer, PhD,
Catholic University of Eastern Africa,
GABA Campus,
Eldoret, Kenya

Abstract:
Loans are considered to be the basic source of financing Small and Medium Enterprises in developing countries like Kenya. However, the majority of SMEs continues to face challenges in obtaining loan facilities resulting in poor performance and closures. Hence, the study investigated the effect of bank loan financing policies on the performance of SMEs in Turkana County, Kenya. The study was guided by two research questions: In what ways do collateral requirements affect the performance of small and medium sized enterprises in Turkana County, Kenya? And how does financial information affect the performance of small and medium sized enterprises in Turkana County, Kenya? The study was anchored on correlation research design and targeted a population of 2037 licensed SMEs from different sectors in Turkana County. Stratified and simple random sampling techniques were employed to select a sample of 334 SMEs. A questionnaire for SMEs was used as the instrument of data collection that collected data on the independent and dependent variables. The research instrument was tested for validity and reliability before being taken to the field. Analysis of data was done through the quantitative method. Analysis of data to answer the research questions was done by using descriptive statistics; frequencies, percentages, means, and standard deviation. Data analysed was presented in the form of frequencies and percentages, mean, and standard deviation. The research result showed that there existed a significant negative effect of collateral requirements ($\beta_1 = -0.064$) and performance of SMEs. However, the second null hypothesis was accepted (p>0.05) because leading to the acceptance that there

---

[i] Correspondence: email juliusgross9@gmail.com

was no significant effect $(\beta_2 = 0.024, p = 0.337)$ of financial information on the performance of SMEs. The study concludes that loan financial policies had a significant effect on the performance of SMEs in Turkana County. The study recommends that financial institutions need to revise their loan financing policies to make them attractive to SMEs as they have been found to be influencing their performance.

JEL: L20; G21

Keywords: bank loan financing policies; collateral requirement; financial information; interest rate; performance; repayment period; small and medium enterprises

1. Introduction

The importance of the growth and performance of small and medium sized enterprises (SMEs) across the world is essential to social and economic development (Chilembo, 2021). The growth and success of SMEs are pegged on their access to financial support from formal and informal lending institutions including banks (Agyei, 2018; Bazungu, 2019). This study focuses on the formal lending institution; commercial banks licensed and operating in Kenya. Access by to credit by SMEs from commercial banks is pegged on loan financing policies developed by these institutions which may ultimately affect their performance.

1.1 Bank Loan Financing Policies and SMEs Performance
Financing of SMEs is key to their growth and performance across several economies of the world, including developed countries in Europe, North America South America, Asia, Middle East, and Sub-Saharan African countries (Shafie, 2013). This is because effective financing of SMEs makes them the engine of social and economic growth of nations (Bazungu, 2019). A survey by Cowling and Liu (2016) observed that as a result of limited availability of adequate information that banks needed from SMEs when seeking loans, resulted in reluctance to provide capital resulting high failure rate amongst SMEs in United Kingdom.

Through financing mechanisms provided to businesses, Yoshino and Taghizadeh-Hesary (2018) indicated that SMEs are the backbone of the Asian economy. They make up more than 96% of all Asian businesses, providing two out of three private-sector jobs on the continent. Through adequate financing, SMEs have played an active role in economic growth whereby 99.6% of enterprises in China are SMEs.

Most Asian countries are bank-dominant economies; capital market financing is not a realistic option for SMEs. Yoshino and Taghizadeh-Hesary (2018) indicated that it was vital for countries' economic success that they have fully functioning support measures for SMEs growth. Among Asian countries, bank loans are the main sources of financing for the Small and Medium-Sized Enterprises (SME) sector of the economy. Yuan, Azam, and Tham (2019) explain most SMEs with better growth opportunities will

have greater access to finance and more sources in selecting financing options compared to low-growth firms in Malaysia. Ramachandran and Yahmadi (2019) reported that lack of basic business knowledge, lack of market knowledge and information, lack of adequate finance, complicated procedures and delay in loan disbursement, limited network, experience, and expertise, reluctant to use modern technology limited SMEs access to finance. A research Nawi (2015) observed that most SMEs in Asia faced major challenges in accessing cheap finance where available ones offered by financial institutions have strenuous lending policies related to collateral and lack of information. Yoshino and Taghizadeh-Hesary (2018) said that SMEs in this region of the world face difficulty in accessing credit because of asymmetric information problems between suppliers and demanders of funds and the high transaction costs. These lead to more collateral requirements for lending to SMEs with higher lending interest rates, which hinder their growth.

Muhammad, Bambale, and Ibrahim (2019) indicated that SMEs contribution to the growth of nations is dependent on their performance in Nigeria since there are many credit facilities provided by financial institutions for SMEs; the facilities are meant to promote SMEs activities. The researchers found out that despite most credit facilities being granted to SMEs without collateral, some SMEs default in repayment of the loan facilities. In Kenya, Mukono (2015) indicated that credit is the most common source of external finance for many SMEs and entrepreneurs, which are often heavily reliant on traditional debt to fulfil their start-up, cash flow, and investment needs. Potential sources of finance for small-scale enterprises include commercial banks, nonbank financial institutions, non-governmental organizations, multilateral organizations, business associations, and rotating savings and credit associations. Hence, Bashir and Ondigo (2018) indicated that the importance of financing products on the performance of SMEs could therefore not be underestimated. Access to financing products such as savings, credit, insurance, and payment services leads to a positive improvement in the financial performance of SMEs.

Etemesi (2017) said that lack of access to credit is a major constraint inhibiting the growth of the SMEs sector. The issues and problems limiting SMEs acquisition of financial services include lack of tangible security coupled with an inappropriate legal and regulatory framework that does not recognize innovative strategies for lending to SMEs. Limited access to formal finance due to poor and insufficient capacity to deliver financial services to SMEs continues to be a constraint in the growth and expansion of the sector. Formal financial institutions perceive SMEs as high-risk and commercially not viable and as a result, only a few SMEs access credit from formal financial institutions.

The SMEs sector is crucial to the government's effort to reduce poverty as it employs nearly 6.8 million Kenyans and of the new jobs created, 89% were in the small sector firm (GoK, 2016). But, Atieno (2019) reports indicate that although bank lending to the SME sector has grown significantly, the exponential growth in SME lending has not translated to improved performance of the beneficiary SMEs. A high failure rate in the SME sector is still reported despite the increased access to bank credit. The critical

problem most public credit-lending agencies face is poor loan repayment from small and medium enterprises (Mukono, 2015). This means that aside from being waived off collateral in loan processing, the repayment culture is a challenge facing SMEs and this study will determine whether this exists in Turkana County. Consequently, there was a need to investigate if the loan financing policies offered by financial institutions in Turkana County affect SMEs performance. If this situation is not arrested many more SMEs will continue to close down despite the increased lending to the sector.

2. Literature Review

2.1 Collateral Requirements and Performance of SMEs

A research in Czech Republic, Slovak Republic, Hungary, and Poland by Rahman, Belas, Kliestik and Tyll (2017) examined the determinants of collateral for small and medium enterprises (SMEs). Data was collected through Business Environment and Enterprise Performance Survey questionnaire undertaken by European Bank for Reconstruction and Development and World Bank. The study adopted a binary logistic regression model with different specifications to examine the effect of independent variables on the incidence of collateral. Results showed that risky borrowers need to pledge collateral and the reduction of asymmetric information can lower the incidence of collateral for SMEs. Moreover, the study indicated that female borrowers are more likely to pledge collateral than male borrowers are. The results also revealed that loans with a longer maturity are more likely to be collateralized than short-term loans. The gap created by this study is that it was conducted in developed countries (Eastern Europe) while this will be conducted in Kenya.

In Bangladesh, Rahman, Rahman, and Kljucnikov (2016) studied collateral and SME financing using an analysis across bank size and bank ownership types. Data collection was through a questionnaire survey. Analysis of data was performed using descriptive and inferential statistics (Chi-square test and regression). The study results indicated small banks have no additional incentives to provide loans based on collateral security than large banks. Hence, there was no evidence that collateral can increase access to credit for SMEs from small banks. Further, there was no effect of collateral on interest rates. With regards to collateral segmentation across bank ownership types and bank size, the regression's results suggested that each type of bank has its own preferences about collateral requirements. Therefore, it was concluded that depending on bank internal policy commercial banks asked for different collateral, which comply with the best interests of banks. This study determined whether the provision of collateral varied with the type of loan provided to SMEs and whether this affected their performance.

In Lusaka Zambia, Chilembo (2021) examined the extent to which collateral requirements affect SMEs access to finance, to examine the extent to which interest rates affect SMEs access to finance, and to examine the extent to which other factors affect SMEs access to finance. The study used a mixed method approach using quantitative and qualitative techniques. The study discovered a positive correlation between lack of

collateral assets and rejection of credit and interest rates variables. The researcher recommended that SMEs needed to explore traditional sources of finance through crowdfunding to ensure their business growth. The study goes further to examine whether collateral requirements provided by financial institutions affect the performance of SMEs in Turkana County.

In Kenya, Githinji, Kiragu, and Kiai (2019) investigated the effect of collateral requirements on the financial performance of agribusiness SMEs in Nyeri Central Sub County. The study was guided by the theory of financial intermediation theory. A sample size of 274 from 950 licensed agribusiness SMEs operating in the study area was used. Data collection was through the use of a semi-structured questionnaire. Bivariate regression analysis results indicated that collateral requirement had a negative and statistically insignificant effect on the financial performance of Agribusiness SMEs. They concluded that the collateral requirement by commercial banks affects the SMEs' financial performance. Considering it is difficult to get financial data for SMEs, the present study determined the financial performance of the SMEs in Turkana County using Likert scale questions.

Rithaa, Munene, and Kariuki (2019) evaluated the effect of loan collateral requirements on the performance of SMEs in Maua Town. The population of the study comprised 250 registered SMEs licensed in Maua Town by the County Government of Meru who were selected using stratified and simple random sampling methods. A questionnaire was used to collect data that was analysed using descriptive and inferential statistics. Linear regression analysis indicated that the independent variable (collateral requirements) had a negative effect on the performance of SMEs. The study recommended that banks should review collateral demands for SME owners to allow for more items of value to be used as security as this will encourage businesspeople to borrow. The gap created by Rithaa *et al.* (2019) is that the sampling of 250 SMEs was not clear as it looked like a sample that was purposively sampled.

Bagaka and Memba (2015) investigated the influence of collaterals used by small and medium microenterprises on the loan performance of commercial banks in Kisii County. The study adopted a descriptive research design where data was collected using researcher-administered semi-structured questionnaires from 14 commercial banks. All the banks were selected to participate in the study by involving all employees dealing with loan processing and compliance. Findings suggested that most banks preferred the use of motor vehicles as security in order to reduce the risk of default. Further, the majority of the banks discourage clients from using land and buildings as collaterals. This study determined whether SMEs in Turkana face the same situation when seeking credit facilities as the ones in Kisii or if it is different.

In Turbo Sub County Sakwa, Rambo, and Osogo (2019) examined the influence of collateral security on the performance of SMEs. A sample size of 340 from a target of 2,901 entrepreneurs was selected. The study applied two research designs; descriptive and correlational research design. They concluded that collateral security had a positive and significant influence on access to credit hence the performance of SMEs. Firms with

collateral security accessed loans easily as opposed to those with none. The study by Sakwa *et al.* (2019) looked at entrepreneurs while this study focused on SMEs as the target population to determine how collateral arrangements when seeking credit influence their performance.

Mumin's (2018) study was to investigate factors affecting SMEs' access to finance from commercial banks in Kenya. The study used a descriptive research design. The target population for this study was 126 SMEs in Nairobi. Primary data was used to collect data through questionnaires. Analysis of data was performed using descriptive and inferential statistics with the help of SPSS. Findings revealed that banks require collateral before issuing a loan. It was also established that a majority have been denied loans due to a lack of collateral. This study established whether collateral requirements in loan applications influence their performance in Turkana County since Mumin focused on factors only (one-sided research).

Atieno (2019) examined factors that hinder the effectiveness of bank credit in enhancing the performance of SMEs in Kenya. The study targeted a population of 1527 SMEs within Kisumu city with at least 3 employees who borrowed loans ranging from 1 million to and maximum of 50 million. The study adopted a descriptive cross-sectional survey design. A proportionate sampling technique was used to select respondents and a sample of 316 SMEs was selected. Findings revealed that credit terms on aspects of interest rate, cost of credit, and lack of collateral and small loans were the most significant challenge for a majority of SMEs which made bank loans less effective in enhancing SME performance. The loan amount sought by SMEs in Kisumu City is higher than in Turkana County where penetration of financial institutions is lower. Furthermore, the study examined which category and value of collateral are used to determine credit worthiness of SMEs in Turkana County and their influence on performance.

2.2 Financial Information and Performance of SMEs

Financial literacy has been identified as a vital knowledge resource for financial decision-making, but insufficient attention has been given to how SMEs' financial literacy affects their sustainability. Ye and Kulathunga (2019) said that role of the knowledge-based resources in promoting sustainability in small and medium enterprises (SMEs) is currently a topic of debate. Drawing upon a knowledge-based perspective, pecking order theory, and dual process theory, we constructed an integrated model to examine the impact of financial literacy, access to finance, and financial risk attitude on SMEs' sustainability. The sample included 291 chief financial officers (CFOs) of SMEs in Sri Lanka. The output of structural equation modelling revealed a direct positive effect of financial literacy, access to finance, and financial risk attitude on sustainability. Financial literacy also emerged as a predictor of access to finance and financial risk attitude. Moreover, access to finance and financial risk attitude were found to be partial mediators of the relationship between financial literacy and SMEs' sustainability. The gap created by Ye and Kulathunga's (2019) research is that the dependent variable was sustainability while the present study is on SMEs' performance.

A research conducted in Lagos, Nigeria Adelekan, Eze, and Majekodunmi (2019) examined the link between bank loans (measured by access to loan and debt financing) and SME performance (measured by business expansion and output). The population for this study consists of 11,663 SMEs. The survey research design was adopted in carrying out the study, through the administration of a structured questionnaire. Findings revealed that access to loans is positively associated with the business expansion of SMEs and debt financing is positively associated with the outputs of SMEs in Nigeria. They concluded that bank loan information was strongly associated with SMEs' performance, particularly SMEs' business expansion, and output. The study by Adelekan *et al.* (2019) was in Lagos (an urban city) whereas the present study was in Turkana County involving both urban, peri-urban, and rural settings.

Agyei (2018) studied financial literacy and cultural beliefs in SME performance in a developing economy setting. The results, from 300 randomly sampled SME-Owners and based on Ordinary Least Squares and Logit regressions; suggest that cultural values militate against financial knowledge acquisition. Furthermore, Protestant beliefs strengthen the probability that SMEs would take advantage of growth opportunities due to financial literacy. The study concluded that the relationship between financial literacy and SME growth was cultural-context dependent. This study departs from Agyei (2018) by using financial information and SMEs' performance as variables excluding cultural beliefs as moderating variables.

In Harare, Zimbabwe Sibanda *et al.* (2018) investigated the impact of information access to finance on firm performance and exporting behaviour of SMEs. A cross-sectional study was employed with quantitative methods being utilised. The collected data were analysed using a structural equation modelling technique, which employed the Smart partial least squares software. Findings revealed that a significant positive relationship existed between information on access to finance and SMEs exporting behaviour does exist. Furthermore, the study's findings challenged the notion that firm performance has a significant impact on exporting behaviour and showed a negative impact of information on access to finance on SME firm performance. The study by Sibanda *et al.* (2018) focused on SMEs involved in export business whereas the current study focused on SMEs providing products and services with no intention of exporting it outside Turkana County or Kenya.

Odongo (2014) examined how lending policies influenced the performance of SMEs in Uganda. A cross-sectional survey and descriptive research design were used, and a questionnaire was administered to the SMEs. Findings reveal that there was insufficient liquidity, effective financial efficiency of resource utilization, high risk of solvency leading to financial distress, and that lending terms of financial institutions are linearly related to the financial performance of SMEs with the lending terms explaining 26.6% variations of the performance of SMEs that borrowed. Thus, lending terms of financial institutions had a lower influence on performance than other factors. The gap created by Odongo's study is the usage of two research designs, which are similar

(descriptive research), while this study collected quantitative data concurrently using a correlation research design.

Eton, Mwosi, Mutesigensi, and Ebong (2017) examined the role of credit financing information influenced on performance of SMEs in Lira Municipality. A sample of 120 respondents was considered with a response rate of 100%. The findings indicated that extending credit to SMEs enables them to access essential resources, increase business diversification, and increase productivity levels. The study recommended that Credit institutions needed to continue providing credit at affordable rates while endeavouring to train their clients on how to keep financial information, which is essential in assessing the borrower's credit worthiness. The researcher failed to provide the link between credit financing information's role on the performance of SMEs an issue that this study would reveal from data collected from Turkana County SMEs.

Etemesi (2017) analysed the effect of credit access from commercial banks and the growth of SMEs operating in Nairobi Central Business District. This study used a descriptive survey research design and targeted a population of 838 respondents operating SMEs in the Nairobi Central Business District. Questionnaires were used to obtain important information about the population. The study used both primary and secondary data. The effect of financial information on credit access from Commercial Banks showed that a unit change in knowledge of financial information promoted the growth of SMEs. The study also found a strong positive correlation between SMEs growth and development and knowledge of financial information. Most SME owners lack adequate financial information and literacy to evaluate the cost of credit and the various financial products offered by Banks, most SMEs borrowers borrowed only a small amount of money from financial institutions. The study by Etemesi was conducted in Nairobi which has well-developed financial systems unlike Turkana County inclusion levels among the majority of the population are low.

Kiai and Kiambati (2019) focused on increased collateral requirements and additional customer information requirements on the financial performance of women-owned Agribusiness small and medium enterprises (SMEs). The target population of this study was 950 licensed women SMEs with a sample of 274 licensed SMEs. From the study, a collateral requirement due to interest rate capping had a negative and statistically insignificant effect on financial performance. On a positive note, the study found that additional customer information requirements due to interest rate capping had a positive and statistically significant contribution to the financial performance of agribusiness SMEs. The study concluded that effective maintenance of financial records not only helps SMEs access credit but also helps them improve performance. Kiai and Kiambati failed to show the degree to which maintenance of financial information (record) affected SMEs access to credit and performance in the latter stages an issue that this study seeks to address.

Nyambura's (2019) study was to establish the effect of financial literacy on the growth of small and medium enterprises in Nyeri County, Kenya. The target population of the study was 841 SMEs. Stratified random sampling was used to select a sample of

168 SMEs. 168 questionnaires were used. The study found that debt management literacy and bookkeeping literacy have a positive and significant effect on the growth of SMEs studied. Budgeting skills and banking knowledge literacy were found to have a positive but insignificant effect on the growth. This study concludes that SMEs need to be trained in bookkeeping, budgeting, and debt management. The study also concluded that SMEs should avoid diverting the amount borrowed from the intended purpose as well as accumulating debts through multiple borrowings from both the formal and informal sectors. The gap created by Nyambura's research is that the dependent variable measure was SMEs growth while the present study was on the performance of SMEs in Turkana County.

Mutinda (2019) establishes the effect of financial information asymmetry on access to credit among SMEs in Machakos Town Sub-County. The target population was 380 SMEs proprietors located in Machakos Town sub-county. The sample size was 57. The study employed a descriptive study design. Primary data was collected using semi-structured questionnaires. The study found out that it was difficult to avail all the financial information required about the businesses in order to access credit. This study will ascertain whether financial institutions follow financial information asymmetry policies when SMEs are seeking credit from them and their impact on performance. The gap created by Mutinda (2019) is that the dependent variable was access to credit to Machakos County whereas this study was on SMEs performance in Turkana County.

3. Materials and Methods

This study used a correlation research design. This is a research design, which entails the collection and analysis of quantitative data. Bryman (2016) informs that under this design data is collected on a cross-section of people at a single point in time to identify the extent and degree to which variables in research relate with one another. The design was used to determine the effect of loan financing policies on the performance of SMEs in Turkana County, Kenya. In this study, the target population of interest were small and medium enterprises (SMEs) operating in Turkana County from the year 2019-2021. Table 1 shows the breakdown of SMEs according to the sector that they operate from. The sample size was determined through the use of Yamane formula, which permits the calculation of the ideal sample size given a desired level of precision, desired, confidence level, and the estimated proportion of the attribute present population (Mugenda & Mugenda, 2019). The formula is as follows:

$$n = \frac{N}{1 + N(e^2)}$$

Were,
n is the desired sample size;
N is the finite accessible population, which are 2037 SMEs;

e is the margin error/ level of precision taken as 0.05.

The formula can be substituted as for SMEs:

$$n = \frac{2037}{1+2037(0.05^2)} = 334.34$$

Therefore, the final sample size for this study consisted of 334 SMEs. Table 1 shows the sampling frame.

Table 1: Sampling Frame

SMEs category	Target	Sample
Retail business	970	159
Construction and carpentry	122	20
Transport and logistics	220	36
Clothing (boutiques, tailor shops)	93	15
Service industry (salons, kinyozi, dry cleaners)	267	44
Agriculture (agro vets)	228	23
Hospitality (hotels, bars)	228	37
Total	**2037**	**334**

Source: Turkana County License Department (2021).

In selecting 334 out of 2037 SMEs to be involved in this study, a stratified random sampling method was used. The strata in this study consist of SMEs sectors (7). After stratification, simple random sampling selection follows; simple random sampling is the basic sampling technique where a group of subjects is selected or studied from a population. This means that a list of 970 SMEs from the retail sector was drawn and put into a trough. The pieces were thoroughly mixed from which the drawing of one list after another was done until the required sample size of 159 was attained. The same procedure was repeated for those in the construction, transport, manufacturing, agriculture, service, and hospitality sectors. The usage of the stratified random method of sampling ensures that each respondent has an equal chance of being selected. The study collected primary data from the field using a questionnaire that was designed by the researcher to answer research questions. The questionnaires were used to collect information from the SME owners. The questionnaires were structured according to the variables (independent and dependent variables). The questions sought to collect quantitative information based on ordinal, nominal, and scale measurements.

To ensure that the questionnaire was valid, an expert judgment method was used. This involves providing research experts with the questionnaire to go through it and determine whether the questions captured are in line with the study variables. The research supervisors were involved in this exercise. From the result given the research supervisors rated the instrument at 4.31 which was adequate. Minor corrections were affected before the instrument was administered to the field. The questionnaire was tested for reliability using the test and retest method. This is a method where a research

instrument is administered twice to the same number of respondents at an interval period of one to two weeks. The respondents to be involved in the pilot were 30 SMEs which were not selected as the sample. They were issued with the questionnaire for the first time (test) and after two weeks the SMEs were given a new questionnaire to fill (re-test). In order to establish the reliability value (r) of the research instrument, the two sets of data were coded and entered into electronic spreadsheet software (SPSS Version 25.0). For this investigation, Cronbach's r-value of 0.70 and above was considered as an indication that the questionnaire is reliable. The Cronbach alpha statistics was 0.8721 for the five variables implying that the research instruments were reliable. The quantitative data was analysed using descriptive and inferential statistics after running the data collected through the Statistical Product and Service Solutions (SPSS ver. 25). Inferential statistics included was through linear regression analysis. Regression analysis was used to test the extent to which the independent variable was used to explain changes in the dependent variable. The findings of the study were presented in the form of tables and figures. The coefficients and their 95% confidence intervals were reported alongside their *P*-values.

4. Results and Discussion

This chapter makes results and discussions on the effect of bank loan financing policies on the performance of small and medium enterprises in Turkana County, Kenya. The research collected data using questionnaires that were administered to various SMEs in the sub-counties of Turkana County. Considering the study looks at the access to finance by SMEs, the researcher enquired to know the institutions to which SMEs accessed loans. Their responses are tabulated in Table 2.

Table 2: Source of loans (capital for start-up and business expansion for SMEs)

Sources of finance	Frequency	Percent
Shylocks	70	25.1
Uwezo & Women Enterprise Fund	45	16.1
Groups	42	15.1
Mobile money lenders	35	12.5
Commercial banks	32	11.5
Saccos	26	9.3
Friends	19	6.8
Relatives	10	3.6
Total	**279**	**100.0**

It can be seen that the majority of businesses depended on shylocks for credit finance (25.1%) and followed by government-facilitated Uwezo and Women enterprise fund (16.1%). Surprisingly, commercial bank loans were only available to 11.5% of SMEs in Turkana County. This means that formal credit and capital access by SMEs is a challenge as informal lenders dominate the space in the county. This could be due to an inadequate

number of financial institutions across the sub-counties of Turkana. Those formal institutions are mainly located in Lodwar town.

4.1 Performance of SMEs

The study asked the respondents to indicate the performance of their business in the last three years as: poor (1), low (2), average (3), high (4), and very high (5) for a three-year period. The summarised results are given in Table 3.

Table 3: Performance of SMEs

Years	Poor	Low	Average	High	Mean	SD
2019	2 (0.7%)	166 (59.5%)	24 (8.6%)	87 (31.2%)	2.7025	0.92197
2020	0 (0.0%)	25 (9.0%)	221 (79.2%)	33 (11.8%)	3.0287	0.45586
2021	0 (0.0%)	85 (30.5%)	14 (5.0%)	180 (64.5%)	3.3405	0.91481
Total					**3.0239**	**0.76421**

Results show that performance in 2019 for most SMEs in the county was low (59.5%) with only 31.2% recording high performance. Come 2020 during the period of Covid 19-pandemic most SMEs recorded average performance (79.2%) but the number of high-performing businesses slumped from the previous years (2019). In the year 2021, SMEs in the county recorded improved performance as 64.5% indicated the performance level to be high but 30.5% indicated that their performance was low. The study outcomes show that the performance of SMEs in Turkana County over the three years has been on an average basis based on standard deviation values (*M*=3.02, *SD*=0.76).

4.2 Collateral Requirements and Performance of SMEs

The first research questions investigated how collateral requirements affected the performance of SMEs in Kenya. The respondents were asked to indicate their level of agreement on how collateral requirements were a factor used when seeking loans and its influence on the performance of the business. The results of analysis are presented in Table 4.

Results in Table 4 indicated that 104 (37.3%) of respondents agreed that requirement of high collateral for loan uptake (title deed) affects the performance of their business, 87 (31.2%) strongly agreed, 54 (19.4%) were undecided, 20 (7.2%) disagreed and 14 (5.0%) strongly disagreed. This means that those who have title deeds are able to access capital for their business in order for them to perform. The result also shows that more than half 156 (55.8%) of respondents agreed that requirements of more than one collateral to charge for loan process affected the performance of their business, 54 (19.4%) strongly agreed, 48 (17.2%) were undecided, 12 (4.3%) disagreed and 9 (3.2%) strongly disagreed. This means that financial institutions only provide loans to SMEs that have more than one collateral as they are considered to be high risk and therefore more assets are charged before loans are disbursed. This prevents the majority of SMEs from accessing the required capital for their business expansion and survival.

Table 4: Collateral Requirements and Performance of SMEs

Collateral	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Mean	SD
The requirement of high collateral for loan uptake (title deed) affects the performance of your business	14 (5.0%)	20 (7.2%)	54 (19.4%)	104 (37.3%)	87 (31.2%)	3.8244	1.1033
The requirement of more than one collateral to charge for the loan process affects business performance	9 (3.2%)	12 (4.3%)	48 (17.2%)	156 (55.9%)	54 (19.4%)	3.8387	.8971
Charging of loans based on collateral one possesses half of its value affects the quantity of loans applied for	10 (3.6%)	29 (10.4%)	44 (15.8%)	120 (43.0%)	76 (27.2%)	3.7993	1.0641
Lack of collateral affects successful loan application	21 (7.5%)	27 (9.7%)	38 (13.6%)	133 (44.7%)	60 (21.5%)	3.6595	1.1422
The requirement for collateral is reasonable for many financial institutions providing SMEs loans	53 (19.0%)	121 (43.4%)	51 (18.3%)	36 (12.9%)	18 (6.5%)	2.4444	1.1299
Composite scores						**3.51326**	**1.06732**

Research findings also show that 120 (43.0%) of SME operators agreed that charging of loans based on collateral one possesses half of its values affected the quantity of loan applied for, 76 (27.2%) strongly agreed, 44 (15.8%) were neutral, 29 (10.4%) disagreed and 10 (3.6%) strongly disagreed. This means that for loans to be advanced to SMEs, assets first had to be charged together with the financier and valued which affects the loan quantity applied for. In most cases, the value of the assets attached value was below the market value which meant that SMEs that had no more than one collateral ended up not getting access to loans impacting their business performance.

Research outcomes show that 133 (44.7%) of respondents agreed that lack of collateral affected successful loan applications, 60 (21.5%) strongly agreed and only 21 (7.5%) strongly disagreed. This means that for SMEs in Turkana County to be successful, they need to have access to loans which have a lot of roadblocks as the financial institutions require SMEs to provide collaterals. When asked whether the requirement for collateral was reasonable for many financial institutions providing SMEs loan financing, 53 (19.0%) disagreed, 121 (43.4%) disagreed, 51 (12.9%) were undecided, and only 36 (12.9%) agreed 18 (6.5%) strongly agreed. This means that the requirement for

collateral is not reasonable to enable many SMEs and therefore acts as a hindrance towards access.

Composite scores (*M*=3.51, *SD*=1.06) showed that collateral requirements are one of the factors influencing loan access and performance of SMEs in Turkana County. This implies that collateral requirements by financial institutions affect SMEs' access to finance which influences their business performance.

4.3 Financial Information and Performance of SMEs

Financial information is critical to both lenders and SMEs in order to qualify the loan to be provided. Therefore, the second research question examined how SMEs perceived financial information to be a factor influencing access to capital and ultimately business performance. The SMEs were asked to indicate the extent to which they agreed or disagreed with how financial information during loan application affected their business performance. The result is presented in Table 5.

Table 5: Financial information and performance of SMEs

Financial information	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Mean	SD
Appraisal processes by financial institutions of which we are unaware normally result in loan disqualification	12 (4.3%)	24 (8.6%)	35 (12.5%)	121 (43.4%)	87 (31.2%)	3.8853	1.0768
Inadequate information interest charged on various types of loans being provided by financial institutions affects our performance	0 (0.0%)	17 (6.1%)	26 (9.3%)	120 (43.0%)	116 (41.6%)	4.2007	.8456
Lack of loan management knowledge and training affects our business performance	15 (5.4%)	20 (7.2%)	37 (13.3%)	126 (45.2%)	81 (29.0%)	3.8530	1.0845
We are denied loans because of not having accounting documents which can show the traceability of operations	15 (5.4%)	34 (12.2%)	47 (16.8%)	107 (38.4%)	76 (27.2%)	3.6989	1.1517
Lack of information on different categories of loans provided by SMEs by financial institutions affects our business performance	17 (6.1%)	27 (9.7%)	49 (17.6%)	120 (43.0%)	66 (23.7%)	3.6846	1.1192
Inadequate information on loan credit terms by	20 (7.2%)	24 (18.3%)	51 (18.3%)	127 (45.5%)	57 (20.4%)	3.6344	1.1168

SMEs affects our performance							
Composite scores						**3.8262**	**1.0658**

Results indicate that 121 (43.4%) of respondents agreed and 87 (31.2%) strongly agreed that the appraisal process by lenders to which they are unaware most times results in loan disqualification. This means that the appraisal process of loan application is not clear to many SMEs and hence acts as a hindrance towards their loan access influencing their business performance. Secondly, 120 (43.0%) of respondents agreed and 116 (41.6%) strongly agreed that inadequate information on interest charged on various loans for SMEs affected their business performance. this means that most SMEs find themselves unaware and in shock at interest charged on various loans hence affecting their repayment behaviour.

In most instances, the SMEs reported that interest rates are pegged on inflation changes and therefore most of them are not financial literature to understand how economic dynamics affects interest on various loans advanced to them. The result also showed that 126 (45.2%) of respondents agreed and 81 (29.0%) strongly agreed that lack of loan management knowledge and training affected their business performance. this means that the majority of SMEs operators are not well trained in loan management which makes them unable to service their loans well as they were not provided with information on various types of loans advanced to them hence resulting high default rate. Asked as to whether they were denied loans by financial institutions because of not having accounting documents, 15 (5.4%) strongly disagreed, 34 (12.2%) disagreed, 47 (16.8%) were undecided, 107 (38.4%) agreed and 76 (27.2%) strongly agreed. This means that most SMEs operators tended to agree (M=3.69, SD=1.15) that the lack of loan access is due to them not having adequate documents required during loan application that would convince the lenders to advance loans to them. This means that financial institutions are not educating the SMEs on the importance of keeping records as they would be required later during loan assessment criteria (application stage).

Fifthly, 120 (43.0%) of respondents agreed and 66 (23.7%) strongly agreed that lack of information on different loan products available for SMEs affected their business performance. this means that most SMEs (67.0% precisely) are not aware of various categories of SMEs that are suited for them and this decreases the chances of them applying for those credit facilities which are detrimental to their business performance. Therefore, financial institutions are not providing the right information on the type and categories of loans that they have for SMEs.

Lastly, most 127 (45.5%) of SMEs operators agreed and 57 (20.4%) strongly agreed that inadequate information on loan credit terms affects their successful loan applications hence poor performance. This means that financial institutions are somewhat not well providing the required information (with respect to CBK guidelines) to SMEs in order for them to make appropriate choices and decisions with regard to the type and quantity of loan they are supposed to apply. Composite values indicate (M=3.82, SD=1.06) that all SMEs operators agreed that financial information on loan products available to SMEs

influenced access and business performance in Turkana County. This meant that inadequate financial information on loans affected the performance of SMEs in the study area.

4.4 Inferential Analysis

The study conducted an inferential analysis test using correlation and simple linear regression.

4.4.1 Correlation Analysis

At first correlation test was computed to check on the relationship between the independent variables; collateral and financial information on the dependent variable as shown in Table 6. The correlation statistics show that there exist significant relationships between variables at different lengths. For example, collateral requirements and SMEs performance show a weak negative effect which is significant at a 95.0% confidence level (r=-0.148, p=0.013) with SMEs business performance. Secondly, the financial information and SMEs performance appear not to have a significant effect (r=0.058, p=0.337). This means that there is no significant relationship between the variables. Therefore, it can be deduced that loan financing policies have diverse effects on the performance of SMEs in Turkana County.

Table 6: Correlation Test

		Collateral requirements	Financial information	SMEs performance
Collateral requirements	Pearson Correlation	1	.020	-.148*
	Sig. (2-tailed)		.744	.013
	N	279	279	279
Financial information	Pearson Correlation	.020	1	.058
	Sig. (2-tailed)	.744		.337
	N	279	279	279
*. Correlation is significant at the 0.05 level (2-tailed).				
**. Correlation is significant at the 0.01 level (2-tailed).				

4.4.2 Linear Regression Analysis

This study computed the linear regression analysis for the two variables to establish if they had a significant effect/relationship on the performance of SMEs.

Hypotheses one stated that:

H0_1: There is a nonsignificant effect of loan collateral requirements on the performance of small and medium enterprises in Turkana County, Kenya.

A linear regression analysis was computed and the results are presented in Table 7.

Table 7: Coefficient on loan collateral requirement and performance of SMEs

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.250	.091		35.560	.000
	Collateral requirements	-.064	.026	-.148	-2.491	.013
a. Dependent Variable: SMEs performance						

Results in Table 7 show that the beta values for collateral requirements were ($\beta_1 = -0.064$), t – value of -2.491, and significant value of 0.003. From these data, the p-value (p=0.013) computed is lower (p<0.05) than the critical value (p=0.05) leading to rejection of the first null hypothesis and deduction that there is a significant negative effect of loan collateral requirement and performance of SMEs in Turkana County. This means that loan collateral requirements by financial institutions have been an impediment to capital access by SMEs hence reducing their profitability. This means that an improvement in loan requirements would result in an improvement in the performance of SMEs in Turkana County and vice versa is true.

The second hypothesis was:

H0₂: There is a nonsignificant effect of financial information on the performance of small and medium enterprises in Turkana County, Kenya.

A linear regression analysis was computed and the results are presented in Table 8.

Table 8: Coefficient on loan financial information and performance of SMEs

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.933	.096		30.579	.000
	Financial Information	.024	.025	.058	.963	.337
a. Dependent Variable: SMEs performance						

Results from Table 8 indicate that the model values for financial information are ($\beta_1 = 0.024$), t – value of 0.963 and a significant value of 0.337. The computed p-value of 0.337 is higher than the critical value of 0.05 leading to acceptance of the second null hypothesis and deduction that there exists no significant effect of financial information on the performance of SMEs in Turkana County. The second hypothesis is accepted based on the linear regression analysis coefficient results. Looking at the beta value for this variable is weak and positive suggesting that SMEs are not getting the required information on loan products advanced to them which affects their repayment patterns. Nevertheless, the statistics suggest that an improvement in financial information on loans would result in an improvement in the performance of SMEs in Turkana County.

4.5 Discussions

4.5.1 Effect of Loan Collateral Requirement on the Performance of SMEs

The first research question examined the effect of loan collateral on the performance of SMEs in Turkana County. The study found out that loan was inaccessible to many SMEs because the financial institutions required collaterals in loan applications (charging loans) and this affected business performance since they could not access credit. This is explained by their responses where most of them indicated that collateral requirement was not reasonable to SMEs hence affecting their accessibility to capital for business expansion and diversification. The study coincides with Wafula and Miroga (2020) research from Bungoma where it was found out that the majority of SMEs did not have collateral facilities that could allow them to access credit facilities from formal financial institutions. Atieno (2019) research from Kisumu City SMEs found out that lack of collaterals was one of the significant challenges for SMEs which made bank loan financing less effective in influencing their growth. Considering that much of the land in Turkana is trust land, most business owners may not have title deeds which are normally required for loan processing by commercial banks.

Linear regression beta coefficient was negative and significant which resulted in the rejection of the first null hypothesis ($p<0.05$). It was concluded that there was a significant negative effect of collateral requirements on the performance of SMEs in Turkana County. The study findings coincide with research conducted by Mnang'at, *et al.* (2016) who discovered that collateral requirements by financial institutions influenced SMEs' access to credit facilities in Kitale. This implied that those who did not have collateral were not in a position to access formal credit which negatively affected their business performance. Sakwa *et al.* (2019) also found out that SMEs that had tangible collateral performed well since they easily accessed credit facilities compared to those that did not have in Turbo Sub County. From the above findings, it is evident from past and present studies that collateral requirements block SMEs' access to credit which ultimately affects their performance negatively.

4.5.2 Effect of Financial Information on Performance of SMEs

The study found out that nearly 84.6% of SMEs operators from Turkana said that lack of adequate information on the interest rate charged on various loan products provided and advanced to SMEs affected their performance. The lack of disclosure on the loan agreement with respect to fluctuation and revision of interest rate charges affected access to finance by SMEs and those that were servicing ended up defaulting and received huge penalties. This finding agrees with Ramachandran and Yahmadi (2019) found out that due to the high illiteracy rate of SMEs operators, most of them were not conversant with lending terms provided by formal financial institutions. The study further established that during loan application, it was found out that most SMEs in Turkana were not appraised by financial institutions on the reasons for their loan application disqualification. This is a practice which was found by Bawuah, *et al.* (2014) to be a

common practice among Ghana commercial banks whereby reasons for loan disqualification were not often provided to SMEs.

The study has also found out that commercial banks in Turkana County did not provide prior information with regard to conditions for loan approval and this affected many SMEs' capacity to secure loans as they could not meet the thresholds set up by financial institutions. This agrees with the observation made by Nyambura (2019) among Nyeri SMEs that had lower levels of financial literacy which affected their capacity to secure loans from formal financial institutions and attainment of economies of scale. whereas Basel requirements for loan provision require a comprehensive information infrastructure to be provided by financial institutions, Yoshino and Taghizadeh-Hesary (2018) found out that this legal requirement worldwide was not evident in Asian countries as most SMEs did not have adequate financial information.

The second null hypothesis was accepted by the study ($p>0.05$) leading to the conclusion that there was no significant effect of financial information and performance of SMEs in Turkana County. Different from the study findings, Etemesi (2017) research for SMEs operating in Nairobi CBD found out that financial information provision by commercial banks enhanced the growth and performance of SMEs. Additionally, Kiai and Kiambati (2019) discovered that the provision of additional information to customers on internet rate charges had a significant positive contribution to the financial performance of agribusiness SMEs in Kenya. This means that financial information provision on credit matters is essential towards ensuring the performance and growth of SMEs but this has not been the case for businesses in Turkana County.

5. Conclusion

The study examined the effect of loan financing policies on the performance of small and medium enterprises in Turkana County, Kenya. The study looked at how various policies put forward by financial institutions accelerated or hindered the provision of credit to SMEs and their resultant impact on the performance of these businesses. From the study findings, the following conclusions are made with regard to the four independent variables:

Collateral requirements and guidelines required for credit provision by financial organisations were found to have a negative effect on the performance of SMEs in Turkana County. The study found out that despite the majority of land in Turkana under the trust land of the county government of Turkana, most people did not hold title deeds and many had just leases for their land. The requirement to provide another form of collateral by business before they were advanced loans acted as a hindrance towards access to loans which affected the performance of SMEs.

Secondly, the study found that there was no significant effect between financial information and financial performance. This meant that the information available to borrowers with regard to various financial products was inadequate for them to make proper decisions on their credit. Some information with regard to policies on loan

products was not properly explained to SMEs and this affected their performance in loan repayment.

6. Recommendations

The study looked at the effect of bank loan financing policies and the performance of SMEs in Turkana County, Kenya. There was mixed observation from the study findings as seen and therefore recommendations are made for improvement of how financial institutions provide loans for the ultimate benefit of SMEs performance. Firstly, there is a need for formal financial institutions to consider using other alternative forms of collateral; using entrepreneurs' homes as collateral, business equipment, inventory, and invoices and avoid depending on titles which the majority of SMEs owners do not have due to ownership situation of land in Turkana County. There is also a need for financial institutions' collateral requirements to be reasonable with the environment and business situation in Turkana County which is not well developed. Secondly, there is a need for all financial institutions to provide credit education and awareness training to SMEs before they advance loans to them. The terms and conditions of each loan need to be properly explained to SMEs owners in order for them to make informed decisions. Lastly, there is a need for financial institutions to consider producing brochures written in the local Turkana language to make SMEs owners understand credit terms when seeking capital for their business.

Conflict of Interest Statement
The authors declare no conflicts of interest.

About the Author(s)
Julius Ewoi Lokopu is an MBA Student (Finance) at Catholic University of Eastern Africa and a Certified Public Accountant Kenya (CPA K).
Irene Cherono (PhD) is a Lecturer at Catholic University of Eastern Africa – GABA Campus.
Robert Simiyu (PhD) is a Lecturer at Catholic University of Eastern Africa – GABA Campus.

References

Adelekan, S. A., Eze, B. U. & Majekodunmi S. A. (2019). Bank loans and small medium enterprises (SMEs) performance in Lagos, Nigeria. *Ilorin Journal of Human Resource Management, 3*(1), 52 – 61.

Agyei, S. K. (2018). Culture, financial literacy, and SME performance in Ghana, *Cogent Economics & Finance*, 6:1, 1463813, DOI: 10.1080/23322039.2018.1463813.

Atieno, L. A. (2019). *Factors affecting the effectiveness of bank credit in enhancing the performance of small and medium enterprises in Kenya: a case of Kisumu city.* Msc. Project, Jomo Kenyatta University of Agriculture and Technology.

Bagaka, J. O., & Memba, F. (2015). Influence of collaterals used by small and medium microenterprises on loan performance of commercial banks in Kisii County, Kenya. *International Journal of Economics, Commerce and Management*, *11*(3), 889 – 900.

Bashir, A. & Ondigo, H. (2018). Effect of financial products on the financial performance of small and medium enterprises in Nairobi County. *Journal of International Business, Innovation and Strategic Management*, 1(6), 1 – 36.

Bawuah, B., Yakubu A. S. & Alhassan, M. (2014). The effect of interest rate on micro, small, and medium enterprises financing decision in Wa Municipality of Ghana. *International Journal of Business, Humanities, and Technology, 4*(4), 81 – 91.

Bazungu, P. (2019). *Commercial banks' interest rates and performance of SMEs in Uganda: A case study of Makindye East Division Kampala district.* Bachelors Project, Kampala International University.

Bryman, R. (2016). *Social research methods* (4th Ed.). Oxford: Oxford University Press.

Chilembo, T. (2021). A study of the factors affecting small and medium enterprises (SMEs) access to finance: A case of Lusaka based SMEs. *American Journal of Industrial and Business Management, 11*, 437-460. https://doi.org/10.4236/ajibm.2021.115028

Cowling, M. & Liu, W. (2016). *Access to bank finance for UK SMEs in the wake of the recent financial crisis*. https://www.researchgate.net/publication/308085177

Creswell, J. W. (2014). *Quality inquiry and research design: Choosing among five approaches* (6th Ed.). Los Angeles: SAGE Publications.

Etemesi, E. M. (2017). *Credit access from commercial banks and growth of small and micro enterprises in Nairobi Central Business District*. MBA Project, United States International University-Africa.

Eton, M., Mwosi, F., Mutesigensi, D. & Ebong, C. D. (2017). Credit financing and performance of SMEs in Lira Municipality, Uganda. *Research Journal of Finance and Accounting, 8*(8), 121 – 127.

Githinji, C. W., Kiragu, D. & Kiai, R. M. (2019). Effect of collateral requirement on financial performance of agribusiness small and micro enterprises in Nyeri central sub county Kenya. *International Journal of Economics, Business and Management Research, 3*(1), 28 – 40.

Kiai, R. M. & Kiambati, K. (2019). Examining the contribution of interest rate capping conditions on financial performance of women-owned agribusiness SMEs in Nyeri Central Sub County, Kenya. *Management and Economics Research Journal, 5*(7), 1 – 17.

Mnang'at, S. A., Namusonge, G. & Oteki, E. B. (2016). The effect of interest rate on financial performance of micro-enterprises: a case study of Makutano Township

in West Pokot County, *International Journal of Novel Research in Marketing Management and Economics, 3*(3), 22 – 29.

Mugenda, A. G. & Mugenda, O. W. (2019). *Quantitative, qualitative & mixed methods approaches* (3rd ed.). Nairobi: Acts Press.

Muhammad, I. B., Bambale, A. J. & Ibrahim, M. A. (2019). Loan characteristics, loan repayment and performance of small and medium enterprises in Kano Metropolitan: A mediating model. *Journal of Finance, Accounting, and Management, 10*(1), 43 – 56.

Mukono, A. (2015). *Determinants of loan repayment by small and medium enterprises in Nairobi County, Kenya*. Msc. Project, University of Nairobi.

Mumin, A. A. (2018). *Factors affecting SME's access to finance from commercial banks in Kenya: A case of Nairobi County*. MBA Project, United States International University – Africa.

Mutinda, A. K. (2019). *Financial factors affecting access to credit among small and medium enterprises in Machakos town sub-county, Kenya*. MBA Project, South Eastern Kenya University.

Nawi, H. M. (2015). *Determinants of capital structure in small and medium-sized enterprises in Malaysia*. D.Phil Thesis, Brunel University London.

Nyambura, L. M. (2019). *Financial literacy and growth of small and medium enterprises in Nyeri County, Kenya*. MBA Project, Kenyatta University.

Odongo, J. (2014). Lending terms and financial performance of small medium enterprises in Uganda: Case of Soroti District. *Research Journal of Finance and Accounting, 5*(2), 78 – 91.

Rahman, A., Belas, J., Kliestik, T., & Tyll, L. (2017). Collateral requirements for SME loans: empirical evidence from the Visegrad countries. *Journal of business economics and management, 18*(4), 650-675.

Ramachandran, N., & Yahmadi. H. M. A. (2019). "Challenges Faced by SMEs in Oman." *Shanlax International Journal of Arts, Science and Humanities*, 7(1), pp. 15-25. DOI: https://doi.org/10.34293/sijash.v7i1.496

Rithaa, J. M., Munene, H. N. &. Kariuki, A. (2019). Effect of banks loan collateral requirement on performance of small and medium enterprises in Maua Town, Meru County, Kenya. *World Journal of Innovative Research, 6*(1), 90 – 95.

Sakwa, M. A., & Rambo, C. M. & Osogo, J. (2019). influence of collateral security on performance of SMEs in Turbo Sub County, Kenya. *European Journal of Business and Management, 11*(18), 21 – 30.

Shafie, M. Z. (2013). *Financing preferences and capital structure among successful Malaysian SMEs*. D.Phil Thesis, University of Plymouth.

Sibanda, K., Hove-Sibanda, P. & Shava, H. (2018). The impact of SME access to finance and performance on exporting behaviour at firm level: A case of furniture manufacturing SMEs in Zimbabwe, *Acta Commercii, 18*(1), 554. https://doi.org/10.4102/ac.v18i1.554.

Wafula, J. P., & Miroga, J. (2020). Influence of banks' credit terms on the financial performance of small-medium enterprise in Bungoma County. *The Strategic Journal of Business & Change Management, 7*(2), 545 – 568.

Ye, J. & Kulathunga, K. M. (2019). How does financial literacy promote sustainability in SMEs? A developing country perspective. *Sustainability, 11,* 2990; doi:10.3390/su11102990.

Yoshino, N. & Taghizadeh-Hesary, F. (2018). *The role of SMEs in Asia and their difficulties in accessing finance*. ADBI Working Paper 911. Tokyo: Asian Development Bank Institute. Available: https://www.adb.org/publications/role-smes-asia-and-their-difficulties-accessing-finance